

**AzSPO POLICY**  
**Number: 002**

**State Contract Waiver for Purchasing Card Program**

***Statement:***

A.R.S. 41-2501, R2-7-311 allows State Agencies exemption from the purchase of State contract items with approval of the State Procurement Administrator. Based upon this rule, and input from the vendor community, State contract usage may be discretionary for purchases made under the Purchasing Card Program for *emergency purchases, field purchases, urgent need, or otherwise impractical* purchase situations which total less than \$200. However, if practical, State contracts should be the first choice, if time and physical proximity permit.

***Discussion:***

The Purchasing Card Program has been initiated in the State with usage by various State agencies. The Purchasing Card policy as currently written requires the purchase of all items from State contract vendors. This requires all Purchasing Card users to check and verify the State contract vendors and items prior to purchase of an item. This defeats one of the primary purposes of the Purchasing Card to obtain the needed goods expeditiously and easily. Also, the State contracts have varying minimum thresholds for usage. For example, office supplies requires a minimum order of \$25.00, batteries a minimum of \$100.00.

At times, the Purchasing Card user is not located near the State contract vendor to pick-up the product or the vendor does not have the product; back-ordered. The primary intent of the Purchasing Card is to obtain the needed goods/services immediately. For example, a construction worker in Gila Bend, Arizona requires a shovel. Shovels are on State contract; however, the vendor is located in Phoenix, Arizona. If it is cost or time prohibitive to obtain the shovel from the State contract vendor, the purchase should be made at a local hardware store in Gila Bend, Arizona.

The State contract vendors were also surveyed and stated that their costs to do business with the State would be less if not required to handle the large volume of small purchases. Therefore, in accordance with the terms of the contracts, authorization is granted for purchases using the Purchasing Card in the amount of less than \$200 to be made off-contract. Formal contract amendments are not necessary based upon the current contract language in each State contract regarding off-contract authorizations and approvals.

This policy is hereby effective this \_\_\_\_\_ day of November, 2000.

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**John O. Adler, CPPO**  
**State Procurement Administrator**